

Message Text

CONFIDENTIAL

PAGE 01 BONN 14106 281724Z

14

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 AGR-05 DODE-00 PM-04 H-02 L-03 PA-01

PRS-01 /103 W

----- 121619

R 281714Z AUG 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2459

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L BONN 14106

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: GDS

TAGS: ECON, EFIN, GW

SUBJECT: INTERNAL FRG ECONOMIC FORECAST

REF: BONN 14021

1. ECONOMICS

MINISTRY DEPUTY ASSISTANT SECRETARY RAABE,
HEAD OF ECONOMIC ANALYSIS AND FORECASTING, PROVIDED
EMBOFF SOME FIGURES THAT THE FRG HAS DEVELOPED FOR
ITS INTERNAL USE CONCERNING THE OUTLOOK FOR NEXT YEAR.
REAL GNP IS FORESEEN GROWING BY 5 PERCENT IN 1976.

THIS GROWTH, HOWEVER, IS CONTINGENT UPON AN UPTURN
TAKING PLACE IN SEPTEMBER OR OCTOBER 1975 AT THE VERY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 14106 281724Z

LATEST. IT IS ALSO PREDICATED ON A NORMALIZATION OF

THE SAVINGS RATIO, AND MODERATE WAGE INCREASES THAT WOULD BE EVEN LOWER THAN IN 1975 AND BE ONLY marginally HIGHER THAN THE ANTICIPATED INFLATION RATE OF 4 1/2 TO 5 PERCENT. A 10 PERCENT INCREASE IN THE COST OF IMPORTED PETROLEUM WAS ALSO FACTORED INTO THE EQUATION.

2. RAABE ADMITTED THAT HIS FORECAST WAS BASED MORE ON FAVORABLE AND IDEAL DEVELOPMENTS THAN ON A CONSERVATIVE OR MIDDLE-OF-THE-ROAD ASSUMPTION BASE. EVEN SO, HE SAID THAT HE FORECAST UNEMPLOYMENT IN NONSEASONALLY ADJUSTED TERMS TO REACH 1.6 - 1.7 MILLION AT THE WINTER PEAK OF JANUARY/FEBRUARY 1976. FOR THE YEAR 1976 AS A WHOLE HE FEELS THAT AVERAGE UNEMPLOYMENT WILL BE 1.3 MILLION AS COMPARED WITH HIS FORECAST OF 1.2 MILLION AVERAGE UNEMPLOYMENT IN 1975. HE OPINED THAT UNEMPLOYMENT IN SEASONALLY ADJUSTED TERMS WILL NOT BEGIN TO DECLINE IN 1976 UNTIL JUST A MONTH OR TWO BEFORE THE FALL PARLIAMENTARY ELECTION--IF THE IDEAL ECONOMIC SCENARIO HE OUTLINED IS FOLLOWED.

3. WHEN ASKED WHAT WOULD HAPPEN IF THE FAVORABLE CONDITIONS WHICH HE ASSUMES DO NOT COME ABOUT, HE RESPONDED THAT HE SAW AS A POSSIBILITY ANOTHER GOVERNMENT ECONOMIC STIMULATION PROGRAM EARLY NEXT YEAR. ITS MAGNITUDE, THOUGH, WOULD HAVE TO BE AT LEAST TWO TIMES THE SIZE OF THE CURRENT DM 5-6 BILLION PROGRAM JUST BEING LAUNCHED.

CASH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REVENUE DATA, BUDGET ESTIMATES, BUDGET DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 28 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN14106
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750299-0197
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975086/aaaaaaffl.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BONN 14021
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2003 by CunninFX>; APPROVED <08 OCT 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERNAL FRG ECONOMIC FORECAST
TAGS: ECON, EFIN, GE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006